Income Inequality: Taking Action

Carrie S. Cihak, Chief of Policy
King County Executive’s Office
Outline

1. Local context
2. Income Inequality Basics
3. Income Inequality in King County
4. Why Does Income Inequality Matter?
5. Why is Income Inequality Increasing?
6. Can we do anything about it locally?
7. Where to Learn More
King County Outperforms U.S.

**GOOD HEALTH**

- **Obese Adults**
  - King County: 22.0%
  - USA: 28.1%

- **Adults Currently Smoking**
  - King County: 14.3%
  - USA: 19.6%

**HIGHLY EDUCATED**

- **People 25+ years old with bachelor's degree or higher education**
  - King County: 46.0%
  - USA: 28.5%

**LOWER UNEMPLOYMENT**

- **Unemployment Rate (Dec. 2013)**
  - King County: 4.7%
  - USA: 6.7%

**HIGH LIFE EXPECTANCY**

- **Life Expectancy at Birth**
  - King County: 81.4 years
  - USA: 78.7 years
  - World: 69.9 years

**STRONG HOUSEHOLD INCOME**

- **Median Household Income**
  - King County: $71,175
  - USA: $53,046
Unemployment by Race & Place

BY RACE

- Lower Unemployment Rates
- KC Average: 8.2%
- Higher Unemployment Rates

<table>
<thead>
<tr>
<th>Race</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>African American/Black</td>
<td>15.7%</td>
</tr>
<tr>
<td>Asian</td>
<td>7.2%</td>
</tr>
<tr>
<td>Hispanic/Latino</td>
<td>10.9%</td>
</tr>
<tr>
<td>Native American/Alaskan Native</td>
<td>14.3%</td>
</tr>
<tr>
<td>Pacific Islander/Native Hawaiian</td>
<td>10.0%</td>
</tr>
<tr>
<td>White</td>
<td>7.4%</td>
</tr>
</tbody>
</table>

Difference: 8.3% vs. 15.7%

BY PLACE

Average of areas with unemployment rates below KC average: 7.0%
Average of areas with unemployment rates above KC average: 10.5%
Difference: 3.5%
Adult Obesity by Race & Place

BY RACE

- **LOWER OBESITY RATES**
  - KC AVERAGE: 22.2%
  - **AFRICAN AMERICAN/BLACK** 36.1%
  - **ASIAN** 7.1%
  - **HISPANIC/LATINO** 25.1%
  - **NATIVE AMERICAN/ALASKAN NATIVE** 46.5%
  - **PACIFIC ISLANDER/NATIVE HAWAIIAN** 31.8%
  - **WHITE** 22.7%
  - **MULTIPLE RACE** 26.9%

- **HIGHER OBESITY RATES**

**BY PLACE**

- **14.1%**
- **33.4%**
- **difference of 19.3%**

**AVERAGE OF THE 20 ZIP CODES WITH THE LOWEST PERCENT OF OBESE ADULTS**

**AVERAGE OF THE 20 ZIP CODES WITH THE HIGHEST PERCENT OF OBESE ADULTS**

**difference of 39.4%**
Graduation Rates by Race & Place

**BY RACE**
- **ABOVE KING COUNTY (KC) AVERAGE**
  - AFRICAN AMERICAN/BLACK: 64.9%
  - ASIAN: 84.3%
  - HISPANIC/LATINO: 63.0%
  - NATIVE AMERICAN/ALASKAN NATIVE: 55.0%
  - PACIFIC ISLANDER/NATIVE HAWAIIAN: 65.4%
  - WHITE: 84.8%
  - MULTIPLE RACE: 78.7%

**KC AVERAGE: 79.4%**

**BELOW KC AVERAGE**

**BY PLACE**

AVERAGE OF 9 SCHOOL DISTRICTS WITH THE HIGHEST ON-TIME GRADUATION RATES: 90.8%

AVERAGE OF 9 SCHOOL DISTRICTS WITH THE LOWEST ON-TIME GRADUATION RATES: 74.6%

Difference of 16.2%
## Life Expectancy by Race & Place

### BY RACE

- **African American/Black**: 76 years
- **Asian**: 86 years
- **Hispanic/Latino**: 86 years
- **Native American/Alaskan Native**: 75 years
- **Pacific Islander/Native Hawaiian**: 75 years
- **White**: 81 years

- **Above KC Average**:
  - KC Average: 81.4 years
  - **African American/Black**: 76 years
  - **Asian**: 86 years
  - **Hispanic/Latino**: 86 years
  - **Native American/Alaskan Native**: 75 years
  - **Pacific Islander/Native Hawaiian**: 75 years
  - **White**: 81 years

- **Below KC Average**:
  - **African American/Black**: 76 years
  - **Asian**: 86 years
  - **Hispanic/Latino**: 86 years
  - **Native American/Alaskan Native**: 75 years
  - **Pacific Islander/Native Hawaiian**: 75 years
  - **White**: 81 years

### BY PLACE

- **Average of 20 ZIP codes with the Longest Life Expectancy**: 85 years
- **Difference of 8 years**:
  - 86 years
  - 74 years
- **Average of 20 ZIP codes with the Shortest Life Expectancy**: 77 years

The map indicates variance in life expectancy across different locations, with the difference of 11 years between the longest and shortest life expectancies.
Income by Race & Place

BY RACE

- **African American/Black**
  - Above KC Average: $73.9k
  - Below KC Average: $38.7k

- **Asian**
  - Above KC Average: $74.7k
  - Below KC Average: $38.7k

- **Hispanic/Latino**
  - Above KC Average: $49.4k
  - Below KC Average: $42.0k

- **Native American/Alaskan Native**
  - Above KC Average: $60.6k
  - Below KC Average: $42.0k

- **Pacific Islander/Native Hawaiian**
  - Above KC Average: $74.7k
  - Below KC Average: $60.0k

- **White**
  - Above KC Average: $74.7k
  - Below KC Average: $60.0k

- **Multiple Race**
  - Above KC Average: $60.0k
  - Below KC Average: $38.7k

BY PLACE

- **King County**
  - Average of 20 ZIP Codes with the **Highest** Annual Household Income: $118.5k
  - Average of 20 ZIP Codes with the **Lowest** Annual Household Income: $45.5k

**Difference**

- $74.7k - $38.7k = $36.0k
Income Inequality & Social Outcomes

Index of:
- Life expectancy
- Math & Literacy
- Infant mortality
- Homicides
- Imprisonment
- Teenage births
- Trust
- Obesity
- Mental illness
- Addiction
- Social mobility

Income Inequality Basics
Income Inequality Defined

The extent to which income is distributed in an uneven manner among a population.

Income: The flow of money from wages, interest, dividends, business profits, etc.

The distribution of wealth tracks income inequality, but tends to be even more unequal.

Wealth: The total stock of assets such as savings, inheritance, stocks, bonds, real estate, etc., less debts or liabilities.
Income Inequality Measured

Many different ways to measure, e.g.:

As a share of total: In 2012, the top one percent of income earners in the U.S. captured 22% of total national income.

As a share of growth: In Washington State from 2009 - 2012, the top one percent captured 175% of the growth in State income.

As a range: The median income for blacks in King County is $39K, and for whites $75K, a difference of $36K.

The Gini coefficient: If everyone earns the same amount (total equality) Gini = 0. If one person earns everything and everyone else nothing (total inequality) Gini = 1.
U.S. Income Inequality is Growing

Income Inequality in King County
King County: 806,000 households
Order households by income:
Split households into 5 groups, with the same number in each group.
Each group, or quintile, contains 20% of the total number of households

Now, let’s measure the average income in each quintile to get King County’s distribution of income.
King County Income Distribution

King County Mean Household Income by Quintile, 2011 - 2013

- Lowest 20%: $15,285
- Lower-Mid 20%: $42,110
- Middle 20%: $71,351
- Upper-Mid 20%: $112,026
- Top 20%: $241,451
King County Income Distribution

King County Mean Household Income by Quintile, 2011 - 2013

Lowest 20%: $15,285
Lower-Mid 20%: $42,110
Middle 20%: $71,351
Upper-Mid 20%: $112,026
Top 20%: $241,451
Top 5%: $420,560
Income Inequality is Growing

Increase in Number of King County Households
1999 - 2012

Only 5% of the net increase in new households in King County have been middle income.
The Virtuous Cycle

A strong middle class creates a virtuous cycle of economic growth and prosperity.

Source: Robert Reich, Inequality for All
The Vicious Cycle

When the middle class doesn’t share in economic gains, a vicious cycle is created leading to stagnating growth.

Source: Robert Reich, Inequality for All
Equity is the Superior Growth Model

A growing body of research shows that inequity poses a threat to U.S. economic growth and that regions with more equity have stronger and more sustainable growth.

Standard & Poor: “How Increasing Income Inequality Is Dampening U.S. Economic Growth, And Possible Ways To Change The Tide”

International Monetary Fund: “Inequality and Unsustainable Growth: Two Sides of the Same Coin?”
   Every 10 percent increase in equality increased the length of a country’s growth periods by 50 percent.

The Federal Reserve Bank of Cleveland: “Dashboard Indicators for the Northeast Ohio Economy”
   Racial inclusion and income equality matter for growth.

Chris Benner & Manuel Pastor: Just Growth: Inclusion & Prosperity in America’s Metropolitan Regions
We are all better off when all of us are better off.
Why is Income Inequality Increasing?
Equitable Growth Reverses in 1970s

Source: Reich, Inequality for All.
National & International Macroeconomic Forces

- Decline in union membership
- Technological revolution
- Globalization
- Growth of financial markets

Policy and institutional framework influences who gains and loses:
- Shifts in national tax policy
- Shifts in other national policies, e.g., deregulation
- Decline in public investments in education and infrastructure
Can We Do Anything about Income Inequality Locally?
Building Equity & Opportunity

ACCESS TO HUMAN AND HEALTH SERVICES

HEALTH INSURANCE Coverage is Here
King County
Every agency in King County government is helping people who are uninsured get enrolled in free or low-cost health insurance. Businesses, non-profits, schools and other partners have joined our Leadership Circle to help.

ACCESS TO SAFE AND EFFICIENT TRANSPORTATION

BUS SERVICE
Metro prioritizes transit service for low-income communities and communities of color when considering service changes.

EARLY CHILDHOOD DEVELOPMENT & QUALITY EDUCATION

READINESS TO LEARN
Through Nurse Family Partnership, Public Health nurses support young first time mothers to get their babies off to a good start.

On March 1, Metro implemented a reduced fare for people with low income.

Executive Constantine is proposing Best Starts for Kids, a levy to put every child on the path to success.

Together, we’ve enrolled over 200,000 King County residents!
How Can You and Your Organization Align to Build Equity?
Contacts

**Carrie S. Cihak**, Chief of Policy  
Office of King County Executive Dow Constantine  
(206) 263-9634  
[Carrie.Cihak@kingcounty.gov](mailto:Carrie.Cihak@kingcounty.gov)

**Chandler Felt**, Demographer  
King County Office of Performance, Strategy and Budget  
(206) 263-9693  
[Chandler.felt@kingcounty.gov](mailto:Chandler.felt@kingcounty.gov)

**Matias Valenzuela**, Director  
King County Office of Equity & Social Justice  
(206) 263-8697  
[Matias.valenzuela@kingcounty.gov](mailto:Matias.valenzuela@kingcounty.gov)
Resources
Where to Learn More:

King County’s Equity & Social Justice Work:  [www.kingcounty.gov/equity](http://www.kingcounty.gov/equity)
  • King County Equity & Social Justice Annual Report
  • The Determinants of Equity:  Indicators to Establish a Baseline of Equity
  • Infographic:  Building Equity & Opportunity

Best Starts for Kids:  [www.kingcounty.gov/beststarts](http://www.kingcounty.gov/beststarts)
More info coming April 27 with the Executive’s State of the County address!

Videos on Inequality:

  • Unnatural Causes…Is Inequality Making Us Sick?  
    A seven part documentary series on inequality and health.  
    [www.unnaturalcauses.org](http://www.unnaturalcauses.org)
  • Inequality for All  
    A documentary film featuring former US Labor Sec. Robert Reich  
    [www.inequalityforall.com](http://www.inequalityforall.com)
  • Wealth Inequality in America videographic  
    [www.youtube.com/watch?v=QPKKQnijnsM](http://www.youtube.com/watch?v=QPKKQnijnsM)
Talks and Lectures on Inequality

- How Economic Inequality Harms Societies
  TED Talk by Richard Wilkinson, co-author of The Spirit Level
- Beware, Fellow Plutocrats, the Pitchforks are Coming
  TED Talk by local self-proclaimed plutocrat Nick Hanauer
  [http://bit.ly/1zC0mxe](http://bit.ly/1zC0mxe)
- Income Inequality & American Democracy
  Town Hall Seattle event with Nobel Laureate Joe Stiglitz, April 28
  [http://townhallseattle.org/event/joseph-stiglitz/](http://townhallseattle.org/event/joseph-stiglitz/)

Policy Institutes & Web Resources on Inequality

- Policy Link: [www.policylink.org](http://www.policylink.org)
- Economic Policy Institute: [www.epi.org](http://www.epi.org)
- The Institute for Policy Studies, project on Income Inequality
  [www.inequality.org](http://www.inequality.org)
- Center on Budget & Policy Priorities, Income Inequality research area
Articles & Reports on Income Inequality

• Equity is the Superior Growth Model, Policy Link http://bit.ly/ZBXXFQ
• The Increasingly Unequal States of America: Income Inequality by State Interactive website and tool http://www.epi.org/publication/income-inequality-by-state-1917-to-2012/
• 17 Things We Learned about Income Inequality in 2014, The Atlantic http://theatln.tc/1va1ljP
• Middle Class, but Feeling Economically Insecure, NYT, Part II in three-part series, with interactive media http://nyti.ms/1Jyr12U

Books on Inequality

• The Price of Inequality: How Today’s Divided Society Endangers Our Future, Joseph Stiglitz
• Just Growth: Inclusion & Prosperity in America’s Metropolitan Regions, Chris Benner & Manuel Pastor
• The Spirit Level: Why Greater Equality Makes Societies Stronger, Richard Wilkinson & Kate Pickett
Selected Resources on Race and Implicit Bias

- **Race: The Power of an Illusion**
  A three-part documentary series
  [http://www.pbs.org/race/000_General/000_00-Home.htm](http://www.pbs.org/race/000_General/000_00-Home.htm)

- **Embracing Inclusion for One King County: Addressing Implicit Bias, Racial Anxiety & Sterotype Threat**
  King County 2014 Equity & Social Justice Forum featuring Rachel Godsial
  [http://1.usa.gov/1D9TRVh](http://1.usa.gov/1D9TRVh)

- **Project Implicit**
  Learn more about implicit biases and take the implicit associations test.
  [https://implicit.harvard.edu/implicit/](https://implicit.harvard.edu/implicit/)

- **Racial Bias, Even When We Have Good Intentions, NYT**
  [http://nyti.ms/1EYogHu](http://nyti.ms/1EYogHu)

- **Blind Spot: Hidden Biases of Good People, Mahzarin R. Banaji & Anthony G. Greenwald**
Selected Resources on Early Childhood Development

- The Raising of America: Early Childhood & the Future of Our Nation
  A five-part documentary series
  http://www.raisingofamerica.org/
- The “Big Bang” in Learning: Brain Changes & Childhood Learning
  Aspen Ideas Festival talk featuring Drs. Pat Kuhl & Andrew Meltzoff
  https://www.youtube.com/watch?v=4zgkSObH4dU
- Heckman: The Economics of Human Potential
  Website featuring the work of Nobel Laureate James Heckman
  www.heckmanequation.org
- Institute for Learning & Brain Sciences  http://ilabs.washington.edu/
- The First Year, National Geographic  http://bit.ly/1zlj3Hn
Race & Place Matter in King County

Race and place predict whether people have the opportunity to thrive.

Quality of Life Indicators

Communities of Color

People of color generally do not experience the same quality of life as white residents.
## King County health, housing and economic opportunity data

<table>
<thead>
<tr>
<th>Category</th>
<th>Worst 10% (dark green)</th>
<th>Best 10% (light green)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life expectancy</td>
<td>74</td>
<td>87</td>
</tr>
<tr>
<td>Adverse childhood experiences</td>
<td>20%</td>
<td>9%</td>
</tr>
<tr>
<td>Frequent mental distress</td>
<td>14%</td>
<td>4%</td>
</tr>
<tr>
<td>Smoking</td>
<td>20%</td>
<td>5%</td>
</tr>
<tr>
<td>Obesity</td>
<td>33%</td>
<td>14%</td>
</tr>
<tr>
<td>Diabetes</td>
<td>13%</td>
<td>5%</td>
</tr>
<tr>
<td>Preventable hospitalizations</td>
<td>1.0%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Poor housing condition</td>
<td>8%</td>
<td>0%</td>
</tr>
<tr>
<td>Low-income, &lt; 200% poverty</td>
<td>54%</td>
<td>6%</td>
</tr>
<tr>
<td>Unemployment</td>
<td>13%</td>
<td>3%</td>
</tr>
</tbody>
</table>